

Message Text

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SUBJ: AMBASSADOR'S MEETING WITH US STOCKBROKERS

1. SUMMARY: AT AMBASSADOR'S INVITATION, 27 STOCK AND COMMODITY BROKERS REPRESENTING US FIRMS IN SWITZERLAND MET APR 27 AT RESIDENCE WITH EMBOFFS AND VISITING SEC COMMISSIONER POLLACK. MEETING FOCUSED ON (1) INCREASING SWISS INVESTMENT CONFIDENCE IN US; (2) EMBASSY'S CONCERN FOR BROKERS PROBLEMS DOING BUSINESS IN SWITZERLAND; (3) REMOVING CONFUSION AND UNCERTAINTY RE SEC. POLLACK BRIEFED PARTICIPANTS ON SEC ACTIVITIES. RESULTS POSITIVE. END SUMMARY.

2. AMBASSADOR RESPONDED TO SEVERAL QUESTIONS ABOUT USG POLICY AND ACTIONS TO SUPPORT DOLLAR; STRESSED ADMINISTRATION'S COMMITMENT TO DEAL WITH INFLATION, RESTORE BALANCE-OF-PAYMENTS EQUILIBRIUM AND BALANCE BUDGET. BROKERS SAID SWISS BROKERAGE BUSINESS ESSENTIALLY OPERATED THROUGH SWISS BANKS WHICH PARCEL OUT THEIR BUSINESS TO US BROKERS, WHO HANDLE US SHARES NOT LISTED ON SWISS MARKETS.

3. POLLACK SAID SEC AWARE OF INDUSTRY CONCERNS RE RULE 17A-3 (BENEFICIAL OWNERSHIP DISCLOSURE); THIS STILL UNDER STUDY BY SEC STAFF. EXPLAINED SEC POLICY TO DEVELOP CENTRAL MARKET TO PROTECT LIMIT ORDERS
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AND GIVE BEST PRICE; SAID SEC DUE TO RE-EXAMINE CHANGES TO RULE 390 OF NYSE AND CENTRAL MARKET DEVELOPMENT IN SEPT. SAID COMPETITIVE BROKERAGE FEES ARE PREFERABLE TO FIXED FEES; HELP PROTECT SMALL INVESTORS. STRESSED SEC FUNCTION AS REGULATORY AGENCY; DOES NOT TRY TO RUN BROKERAGE BUSINESS. STRESSED MEETING WAS UNIQUE EXPERIENCE; WAS UNAWARE OF ANY OTHER HELD ANYWHERE.

URGED BROKERS VISIT SEC IN WASHINGTON TO UNDERSTAND
SEC APPROACH IN DEALING WITH CURRENT AND FUTURE PROBLEMS.

4. BROKERS ASKED THAT:

A) USG ADOPT AND PRESENT COORDINATED, COHESIVE
ECONOMIC POLICY THAT WOULD RESTORE CONFIDENCE IN
DIRECTION OF US ECONOMY. SAID ONGOING EUROPEAN INVEST-
MENTS IN US ARE SUBSTANTIAL AND SHOULD NOT BE IGNORED;
STRONG DOLLAR IS SYMBOL US ECONOMIC AND MILITARY
STRENGTH VITAL TO ATLANTIC COMMUNITY SECURITY.

B) USG ELIMINATE OR REDUCE WITHHOLDING TAX ON
DIVIDENDS TO STIMULATE MORE INVESTMENT.

C) HOLD INVESTMENT SEMINARS WITH REPS FROM NYSE
AND CHICAGO COMMODITIES BOARD TO EXPLAIN US INVESTMENT
MARKETS TO SWISS.

D) INVITE US CONGRESSIONAL LEADERS DEALING WITH
TAXATION AND OTHER ECONOMIC ISSUES TO VISIT SWITZER-
LAND, OBTAIN FIRST-HAND INFO ON SWISS INTEREST US
ECONOMY, IMPACT CONGRESSIONAL ACTION ON SWISS INVEST-
MENT IN US. WARNER

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